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ANNUAL REPORT

OF

THE NASH MOTORS COMPANY

(MARYLAND CORPORATION)

FISCAL YEAR ENDED NOVEMBER 30, 1931

TO THE STOCKHOLDERS:

Attached you will find the Balance Sheet and Profit and Loss statement of your Company for the fiscal year ending November 30, 1931.

Net earnings for the year from all sources, after deducting all expenses, reserves, depreciation, State and Federal taxes, amounted to $4,807,680.88. The earnings reported include income from investments and other sources.

In arriving at the figures presented in the financial report, it should be noted that the Nash Motors stock held in the Treasury has been taken at the lower of cost or market value as of November 30th; also that the Company's large holdings of United States Government bonds and certificates were taken at the lower of cost or market value as of November 30th. We feel it is needless to point out that all inventories of every nature were taken at the lower of cost or market price.

The Company paid out in cash dividends to its stockholders $9,555,000.00 and closed the year's operations with a satisfactory balance amounting to $36,550,480.00 in cash and in Government securities.

It is common knowledge that the year 1931 was anything but a satisfactory year in the automobile business, brought about largely by the decrease in the buying of automobiles by the public.

In preparation for the introduction of a complete new line of automobiles, embodying five different wheelbases, which we should be ready to announce around the first of March, it was necessary to go into very heavy expense and a large amount of this expense was incurred and absorbed during the year 1931.

On account of the extraordinary conditions existing in the automobile industry, the management felt it was necessary to consolidate our activities and forces into a more compact position. In order to accomplish this, the Milwaukee plant, where the 980-series cars had been manufactured during 1931, has been temporarily closed, and hereafter this line of cars will be manufactured at the Kenosha plant. This not only will save the Company a large amount in overhead expenses, but it made available the key men of the Milwaukee plant who, to a great degree, have been injected into the other plants in order to make for efficiency and improved workmanship.

In closing the year 1930, your attention was called to the fact that there were very small stocks of cars in the hands of our dealer organization. We want to emphasize at this time that stocks of Nash cars in the hands of our dealers are the lowest at any time in the history of the Company.

Concerning the prospects for 1932, the management feels that the outstanding line of new automobiles, which will be introduced to the public just as the selling season starts, should bring to your Company its full share of the available business in the market, which encourages the management to feel that the outlook for the Company should be considerably brighter than in 1931.

By order of the Board of Directors,

CHARLES W. NASH,
Chairman.

January 9, 1932.

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BALANCE SHEET AS AT NOVEMBER 30, 1931

ASSETS

CURRENT ASSETS:		
Cash		$12,005,252.75
U. S. Government Securities—at cost or market, whichever the lower		24,545,227.25
Notes Receivable		234,600.00
Accounts Receivable, less Reserve		1,324,197.09
Accrued Interest Receivable		329,752.60
Inventories of Raw Materials, Work in Process and Finished Product—at cost or market, whichever the lower		1,347,701.57
TOTAL CURRENT ASSETS		$39,786,731.26
Prepaid Insurance and Royalties		87,424.31
INVESTMENTS:		
Treasury Stock—29,000 shares—at cost or market prices, whichever the lower	$465,689.92	
Capital Stock of Associated Companies—at cost	591,262.31	
Sundry Investments—at cost	490,869.13	1,547,821.36
Real Estate, Plant and Equipment (including Milwaukee Plant temporarily closed)—at cost	$13,980,104.36	
LESS—Reserve for Depreciation	7,160,902.08	6,819,202.28
Goodwill		1.00
TOTAL		$48,241,180.21

LIABILITIES

CURRENT LIABILITIES:		
Accounts Payable		$1,285,037.29
Distributors' Deposits		50,500.00
Federal, State and Local Taxes		1,374,615.89
TOTAL CURRENT LIABILITIES		$2,710,153.18
RESERVES:		
Reserve for Contingencies	$2,078,584.35	
Sundry Reserves	442,534.74	2,521,119.09
CAPITAL STOCK:		
Common Stock—without Par Value Authorized and Issued, 2,730,000 shares		13,887,000.00
SURPLUS:		
Initial Surplus	$839,908.99	
Earned Surplus	28,282,998.95	29,122,907.94
Contingent Liabilities Reported—None		
TOTAL		$48,241,180.21

INCOME AND SURPLUS ACCOUNT
FOR THE YEAR ENDED NOVEMBER 30, 1931

Surplus, November 30, 1930			$33,722,125.55
Sales of Automobiles, Parts and Other Merchandise less Returns		$35,928,021.74	
Cost of Automobiles, Parts and Other Merchandise Sold, after charging Operating Expenses, (other than Depreciation), Maintenance of Physical Properties and Selling and Administrative Expenses	$30,487,588.41		
Depreciation of Property, Plant and Equipment	1,225,113.02	31,712,701.43	
Net Operating Profit		$4,215,320.31	
Other Income (Net)		1,582,667.26	
Net Earnings		$5,797,987.57	
Provision for Federal and State Income Taxes		990,306.69	
Net Income for Year		$4,807,680.88	
Direct Credits to Surplus (Net):			
Federal and State Income Tax Reserves of prior years returned to Surplus	$809,857.09		
Dividends on Treasury Stock	101,500.00		
Other Non-Operating Credits	162,500.00		
Total Credits	$1,073,857.09		
LESS:			
To Reduce U. S. Government Securities and Treasury Stock to basis of cost or market prices, whichever the lower	$671,704.83		
To Write Down Milwaukee Machinery and Equipment Accounts (Plant temporarily closed)	254,050.75		
Total Charges	$925,755.58		
Net Credit to Surplus		148,101.51	4,955,782.39
			$38,677,907.94
DEDUCT—Cash Dividends on Common Stock			9,555,000.00
Surplus, November 30, 1931			$29,122,907.94

Chicago, January 8, 1932.

MR. CHARLES W. NASH, President,
The Nash Motors Company,
Kenosha, Wisconsin.

We have examined the accounts of The Nash Motors Company for the year ended November 30, 1931. In our opinion, based on our examination and information furnished to us, the accompanying Balance Sheet and relative Income and Surplus Account set forth the financial condition of the Company as at November 30, 1931, and the result of the operations for the year.

PEAT, MARWICK, MITCHELL & Co.

FEB 26 1936 AS

OFFICERS

CHARLES W. NASH
President

EARL H. MCCARTY
Vice-President and General Manager

ROBERT F. HERRICK JAMES T. WILSON
Vice-Presidents

GEORGE H. EDDY
Treasurer

HORACE J. MELLUM
Secretary

DIRECTORS

CHARLES W. NASH, *Chairman*

FREDERIC W. ALLEN
THOMAS M. KEARNEY
SAMUEL F. PRYOR
EMORY W. CLARK
GEORGE C. LEE
HAROLD H. SEAMAN
JAMES T. WILSON
ROBERT F. HERRICK
EARL H. MCCARTY
CHARLES B. WARREN